

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 12/7/2012

GAIN Report Number:

Senegal

Cotton and Products Update

2012 West Africa Cotton and Products Update

Approved By:

Russell Knight, Deputy Regional Agricultural Attaché, West Africa

Prepared By:

Fana Sylla, Agricultural Specialist

Report Highlights:

This report is an update to the August 2012 West Africa Cotton and Products Update. Good rainfall and better management has maintained the positive outlook on MY 2012/13 seed cotton production at almost 1.5 million tons. Burkina Faso and Cote d'Ivoire began harvesting in October followed by Chad, Mali, and Senegal in November. However, Burkina Faso and Mali are the first countries to launch ginning activities, while the rest will likely begin in early December. These select West African countries have all officially fixed their minimum farm gate cotton price for MY 2012/13 at the previous year's price. Burkina Faso announced that it will subsidize input prices, but the prices will tentatively remain at MY 2011/12 unsubsidized levels for the rest of the selected countries.

Table of Contents

MY 2012/2013 Cotton Update for Selected West African Countries..	3
Burkina Faso	3
Mali	4
Cote d'Ivoire	5
Chad	5
Senegal	5
Technical Cooperation.....	6
 Table 1: Seed Cotton Production: MY 2010/11 – MY 2012/13	 8
Table 2: Official Farm Gate Price for First Quality Seed Cotton	
MY 2010/11 – MY 2012/13	9
Production, Supply, and Demand Data Statistics	9
Acronyms	12

MY 2012/2013 Cotton Update for Selected West African Countries ^[1]

Harvest has nearly finished for the selected West African countries and they expect to produce around 1.5 million tons of seed cotton for the MY 2012/13 campaign. This is a slight increase from our August forecast a 21 percent boost over MY 2011/12. MY 2012/13 production increased on improved policies boosting cotton planting and good rainfall, despite some flooding. Post has increased its MY 2012/13 estimate 40,000 tons for Cote d'Ivoire to 340,000 tons and maintained its August 2012 estimates tons for Burkina Faso (500,000), Mali (500,000), Chad (100,000), and Senegal (30,000). While the ginning is getting underway in Burkina Faso and Mali, some unexpected off season rains could have damage cotton quality, perhaps reducing the quantity. MY 2012/13 minimum farm gate cotton price for all selected countries remained the same than the MY 2011/12 minimum price. Burkina Faso has announced ahead of its neighbors to subsidize input prices below MY 2011/12 levels, while the input prices for the other selected countries remain at MY 2011/12 unsubsidized prices.

USDA FAS supported 13 West Africans in the cotton sector to participate in FAS's scientific exchange programs: *Norman E. Borlaug International Agricultural Science and Technology Fellowship Program* and *Cochran Fellowship Program*.

Burkina Faso

The MY 2012/2013 cotton campaign was launched without incident compared to the previous year. Burkina Faso has confirmed a good harvest season and estimates area harvested at 500,000 ha. The President of the *National Union of Cotton Producers* (UNPCB) estimates MY 2012/13 seed cotton production at about 500,000 tons as previously forecasted by Post in August 2012. This harvest would still be 20 percent greater than the MY 2011/12 harvest.

Area harvested of Bt cotton is greater than initially estimated by Burkinabe cotton companies despite actions to limit availability to farmers of Bt seeds with a 98 percent level of purity. Bt cotton harvested acreage is estimated at 60 percent of total seed cotton production or about 300,000 ha. Last marketing campaign, Burkinabe farmers found Bt cotton fiber having shorter fiber than conventional cotton which decreased competitiveness of their cotton fiber on the international market. As part of its seed plan to increase the purity, only 5,000 seed multipliers were selected by cotton companies to produce good quality Bt cotton seed. Farmers planting Bt cotton were sensitized to increase the use of organic fertilizer in addition to chemical fertilizer because Bt cotton has more cotton bolls than conventional cotton (12 vs. 7) and therefore needs more nutrients. The General Director of Sofitex during an interview in October 2012 of *CommodAfrica* (www.commodafrica.com) said that both, use of more pure Bt seeds and increased amounts of organic fertilizer, will decrease the percentage of the fibers with a short length in MY 2012/13 and even more in MY 2013/14. Fiber length is primarily a genetic trait, but also depends on growing conditions, and harvesting, ginning, and processing methods.

[¹] Includes Burkina Faso, Chad, Cote d'Ivoire, Mali and Senegal. Benin is covered by FAS Lagos.

(Note - For more information on the history and structure of the cotton sector in West Africa, refer to previous GAIN reports as well as August 2012 report.

Privatization

There is no further development on the privatization process of the cotton sector.

Pricing

As mentioned previously, the MY 2012/13 farm gate price is fixed at 245 F CFA (\$0.49) per kg, the same price as last year.

Inputs

GOBF subsidized MY 2012/13 inputs costs to farmers below that of MY 2011/12. Fertilizer prices were reduced from 16,748 FCFA (\$33.50) in MY 2011/12 to 13,500 F CFA (\$27), and urea from 18,445 F CFA (\$36.89) to 15,500 F CFA (\$31).

In the August 2012 *West Africa Cotton and Products Update*, Post reported that GOBF organized a workshop in May 2012 to validate a study for the implementation of an input fund. The GOBF has decided to proceed with this input fund and has begun recruiting a bank for its management. This fund will permit cotton companies to buy inputs directly from a supplier at any given time when prices are more attractive instead of using bank loans and pay interest which will have an implication on input prices for farmers. In addition, the World Bank has promised to provide ten billion CFA (\$ 20 million) by December 2013. These funds will be used to leverage more funds as a total of \$80 million is sought to cover this mechanism.

Mali

CMDT is maintaining its crop outlook of 500,000 tons of seed cotton on 545,000 ha for MY 2012/13. Factors motivating farmers to plant more cotton have stemmed from the on-time delivery of agricultural inputs, as well as, the involvement of all cotton stakeholders (*Permanent Assembly of Chambers of Agriculture of Mali* (APCAM), *National Union of Cooperative Societies Cotton Producers* (UNSCPC), and CMDT), who are closely monitoring the success of cotton farmers. In addition, farmers received a bonus of 20 F CFA (\$0.04) per kg on the MY 2011/12 farm gate price, encouraging farmers to stay in the sector.

For MY 2012/13, input and the minimum farm gate prices were maintained at the same price levels as the previous year. MY 2012/13 farm gate cotton price was fixed at 255 F CFA (\$0.51), fertilizers and urea at 12,500 F CFA (\$25) per 50 kg bag.

Privatization

The privatization process of its four CMDT subsidiaries (East, South, Central and West) has not progressed.

Cote d'Ivoire

The *Interprofessionnal Association of the Cotton Sector* (INTERCOTON) confirmed area harvested at 345,000 hectares and expects seed cotton production to be around 340,000 tons for MY 2012/13, just 8 percent above Post's August forecast. The Government of Cote d'Ivoire (GOCI) continues to support the cotton sector with the highest farm gate price in the sub-region. If GOCI meets this expectation, production will have seen a 33 percent gain over MY 2011/12.

As Post reported in August 2012, the MY 2012/13 farm gate price was pegged at 255 F CFA (\$0.11) per kg, continuing to be the highest in West Africa. During MY 2008/09 – MY 2011/12, GOCI has subsidized inputs up to 17 billion CFA (\$34 million), however MY 2012/13 inputs prices remain unsubsidized at 17,000 F CFA (\$34.00) per bag of 50 kg of fertilizer and 16,000 F CFA (\$32.00) per bag of 50 kg of urea.

Chad

Since the creation of the new state-owned cotton company, Cotontchad SN, farmers have planted more cotton with the increase of the farm gate price which had been fixed for many years since MY 2009/10. As an indication of the efforts to plant more cotton, MY 2012/13 area planted increased 57 percent from MY 2011/12 (170,000 ha to 267,000 ha). *Government of Chad* (GOC) is anticipating a harvest of 118,000 tons of seed cotton, however, Post maintains its forecast of 100,000 tons due to some unexpected late rains and some flooding that may have damaged cotton quality and reduced the quantity.

It was recently announced that Cotontchad SN would maintain the farm gate cotton price at MY2011/12 levels, 215 F CFA (\$0.43)/kg. In addition, MY 2012/13 inputs prices have been announced and they are considerably above MY 2011/12 prices. GOC has not decided yet to subsidize these prices and until it does, farmers will have to pay the full price and get reimbursed later. The MY 2012/13 unsubsidized fertilizer price is set at 22,181 F CFA (\$44.36) per bag of 50 kg, and the urea price is set at 26,920 F CFA (\$53.84) per bag of 50 kg, a 48 and 92 percent increase from MY 2011/12.

Senegal

Sodefitex, Senegal's national cotton company increased its August production estimates by 2,500 tons of seed cotton 32,500 tons based on 33,700 ha harvested for MY 2012/13. If this production estimate holds, it would be a 28 percent increase compared to the previous year. However, Post will maintain its forecast at 30,000 tons.

For MY 2012/13, input and farm gate prices were maintained at the same price as MY 2011/12. MY 2012/13 farm gate cotton price was fixed at 255 F CFA (\$0.51), fertilizers at 9,500 F CFA (\$19) per 50 kg bag, and urea at 9,000 F CFA (\$18) per 50 kg bag.

Privatization

There is no further development on the privatization process. For more information, please refer to August 2012 GAIN report.

Technical Cooperation

This year, USDA FAS sponsored 13 fellows from West Africa to participate in its scientific exchange programs: *Norman E. Borlaug International Agricultural Science and Technology Fellowship Program* and *Cochran Fellowship Program*.

Two researchers from the *National Institute for Environment and Agricultural Research* (INERA) in Burkina Faso participated in the *Norman E. Borlaug International Agricultural Science and Technology Fellowship Program*. One Fellow studied “gene flow and cross pollination in cotton species” at Texas A&M University from June to August 2012 and concluded that gene flow can occur between *Genetically Engineering* (GE) crops and non-GE crops population throughout: out crossing, voluntarily, and seed handling. She noted that contamination cannot be solved only by applying a certain distance between fields. She plans to share her findings with Burkina Faso’s *National Biosafety Agency* (NBA) and other Burkinabe scientists and expects to draft another proposal to continue her research.

The second Fellow, currently at Purdue University from October to November 2012, is studying “the effects and impacts of GE cotton and edible crops on non-target organisms”.

USDA is helping reinforce the technical capacity of West African cotton companies and provides them with new ideas that can be adapted to their country, when possible. During October 13-26, 2012, USDA FAS sent the remaining eleven Cochran Fellows from Senegal (4), Burkina Faso (4), Cote d’Ivoire (2), and Chad (1) on a two-week program to learn about cotton production and processing at Texas A&M University in College Station and Lubbock.

Participants were those in charge of the ginning facilities and cotton seed production from four cotton textiles companies in Senegal (SODEFITEX), Burkina Faso (SOFITEX, SOCOMA, FASO COTON), and Cote d’Ivoire (CIDT), the *Senegalese Federation of Cotton Producers* (FNPC), and the *Chadian Agricultural Research Station* (ITRAD), and the *Ivorian Inter-professional Fund for Agricultural Research and Counsel* (FIRCA). The Cochran fellows had the opportunity to visit all facets of the cotton sector, including:

- Cotton seed germplasm bank
- Seed breeding programs on biotechnology for improved yield, fiber quality, earliness, resistance to biotic and abiotic stress, and disease resistance
- Cotton marketing
- Irrigation and harvest systems and management
- Cotton ginning, cotton lint, cotton seed factories
- Cotton byproducts research products
- Cotton ginning technologies and equipment maintenance

- Cotton fiber moisture devices production factory
- Association and cooperatives of cotton growers
- Storage and shipping facilities
- Yarn mill and textile factories
- Cotton classification



Participants learning about the harvesting system in a module



Participants listening to the International Trade Negotiations course related to Cotton marketing



Participants learning about the cotton irrigation system



A group photo at the *United Cotton Growers*

Source: FAS Dakar

To highlight some visits of interest to the group, Fellows were able to meet with the Lummus Corporation, a manufacturer of ginning equipment commonly found in West Africa. The group discussed some problems they are facing in their respective countries, including the lack of available replacement parts that are not produced anymore by the company with the Lummus Corporation. The Lummus Corporation was very open to working with these fellows and helping them to improve their ginning capacity.

On the topic of research and development of cotton fiber moisture devices, the group visited Samuel Jackson, Inc., who manufactures humidification products used to safely and effectively restore moisture to cotton seed and lint and avoid mechanical fires. This brand is also commonly found in West Africa.

All cotton harvested in West Africa is handpicked while in the US, harvesting is mechanized using either stripper or picker equipment. When the group visited a cotton storage facility, it noticed that plastic propylene bags were being used to hold cotton. A large problem facing cotton ginning companies in West Africa is the contamination of cotton by plastic fibers made of polypropylene. Old used fertilizer bags are saved by farmers to collect seed cotton when handpicked. Those bags are often damaged and the polypropylene fibers are mixed with the seed cotton and cannot be completely removed during the ginning process. However, it is important to note that the bags used in the US are new bags without frays. West African cotton is recognized for its good quality and length of the fiber, but polypropylene contamination reduces its value. Today, cotton companies and the unions of cotton producers are working together to find a solution to this problem, including using bags made of cotton to collect the bolls.

Table 1: Seed Cotton Production: MY 2010/11 – MY 2012/13

Selected Countries	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
	U.S.DA Official Production	Post and Government data Production	Post Forecast Production	U.S.DA Official Production	Post and Government data Production	Post and Government November updated data Production
	(000 Bales)	(000 Bales)	(000 Bales)	(000 Tons)	(000 Tons)	(000 Tons)
Burkina Faso	652	801	965	338	415	500
Mali	469	859	965	243	445	500
Cote d'Ivoire	338	494	656	175	256	340
Chad	100	151	193	52	78	100
Senegal	50	48	58	26	25	30
Total	1,610	2,353	2,837	834	1,219	1,470

*1 Bale = 480 lbs.

(Source: FAS Dakar estimates and official country data)

Table 2: Official Farm Gate Price for First Quality Seed Cotton MY 2010/11 – MY 2012/13

Selected Countries	Official 2010/11 Farm Gate Price for First Quality (F CFA)	Official 2011/12 Farm Gate Price for First Quality (F CFA)	Official 2012/13 Farm Gate Price for First Quality (F CFA)
Burkina Faso	182 (\$0.36)	274 (\$0.55)*	245 (\$0.49)
Mali	185 (\$0.37)	275 (\$0.55)*	255 (\$0.51)
Cote d'Ivoire	210 (\$0.42)	265 (\$0.53)	265 (\$0.53)
Chad	180 (\$0.36)	215 (\$0.43)	215 (\$0.43)
Senegal	255 (0.51)	255 (0.51)	255 (0.51)

*Minimum announced farm gate price plus additional bonus (29 F CFA for Burkina Faso and 20 F CFA for Mali)

(Source: Official sources; \$1= 500 F CFA; F CFA per kg)

Production, Supply and Demand Data Statistics

Cotton Mali	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	260	286	480	477	500	545
Beginning Stocks	92	92	92	77	292	50
Production	475	470	850	858	900	965
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	567	562	942	935	1,192	1,015
Exports	450	460	625	860	800	915
Use	25	25	25	25	25	25
Loss	0	0	0		0	0
Total Dom. Cons.	25	25	25	25	25	25
Ending Stocks	92	77	292	50	367	75
Total Distribution	567	562	942	935	1,192	1,015

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA

Cotton Burkina	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	400	400	400	395	475	500
Beginning Stocks	169	169	140	141	236	150
Production	650	652	700	800	925	965
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	819	821	840	941	1,161	1,115
Exports	675	675	600	786	800	960
Use	4	5	4	5	4	5
Loss	0	0	0	0	0	0
Total Dom. Cons.	4	5	4	5	4	5
Ending Stocks	140	141	236	150	357	150
Total Distribution	819	821	840	941	1,161	1,115
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

Cotton Cote d'Ivoire	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	200	217	250	278	325	345
Beginning Stocks	160	160	148	42	198	76
Production	340	337	450	494	600	656
Imports	0		0		0	0
MY Imports from U.S.	0		0		0	0
Total Supply	500	497	598	536	798	732
Exports	302	405	350	410	425	600
Use	50	50	50	50	50	50
Loss	0		0		0	0
Total Dom. Cons.	50	50	50	50	50	50
Ending Stocks	148	42	198	76	323	82
Total Distribution	500	497	598	536	798	732

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

Cotton Chad	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	100	100	175	198	185	200
Beginning Stocks	23	23	18	0	38	11
Production	100	100	145	151	140	193
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	123	123	163	151	178	204
Exports	90	90	110	130	120	180
Use	15	15	15	10	15	15
Loss	0	0	0	0	0	0
Total Dom. Cons.	15	15	15	10	15	15
Ending Stocks	18	18	38	11	43	9
Total Distribution	123	123	163	151	178	204
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

Cotton Senegal	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	27	27	27	27	30	32
Beginning Stocks	9	9	14	9	15	2
Production	50	50	46	48	50	58
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	59	59	60	57	65	60
Exports	25	42	25	53	30	55
Use	20	8	20	2	20	4
Loss	0	0	0	0	0	0
Total Dom. Cons.	20	8	20	2	20	4
Ending Stocks	14	9	15	2	15	1

Total Distribution	59	59	60	57	65	60
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

Acronyms

APCAM	<i>Permanent Assembly of Chambers of Agriculture of Mali</i>
CMDT	<i>Compagnie Malienne pour le Développement des Textiles</i>
CIDT	<i>Compagnie Ivoirienne pour le Développement des Textiles</i>
FIRCA	<i>Fond Interprofessionnel pour la Recherche et le Conseil Agricole</i>
FNPC	<i>National Federation of Cotton Producers</i>
GE	<i>Genetically Engineering</i>
GOBF	<i>Government of Burkina Faso</i>
GOC	<i>Government of Chad</i>
GOCI	<i>Government of Cote d'Ivoire</i>
GOM	<i>Government of Mali</i>
INERA	<i>Institut de l'Environnement et de Recherches Agricoles</i>
INTERCOTON	<i>Association Interprofessionnelle de la filière Coton</i>
ITRAD	<i>Institut Tchadien de Recherche Agronomique pour le Développement</i>
NBA	<i>Agence Nationale de la Biosécurité</i>
SOCOMA	<i>Société Cotonnière du Gourma</i>
SOFITEX	<i>Société des Fibres Textiles</i>
SODEFITEX	<i>Société de Développement et des Fibres Textiles</i>
UNPCB	<i>Union Nationale des Producteurs de Coton</i>
UNSCPC	<i>National Union of Cooperative Societies Cotton Producers</i>